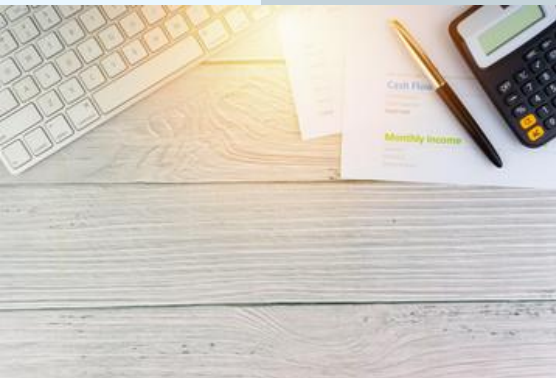


GST GUIDE



- Services provided by way of Mid-day meal to Educational Institutions are now Exempted
- Interpretation of term Contract and applicability of section 51 of CGST Act, 2017- Karnataka AAR
- No reversal of Input tax Credit in respect of loss of inputs during a manufacturing process- Madras High Court
- Excel download facility available for GSTR-3B in the Cygnet Portal
- All about RODTEP

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Notifications, Circulars and Amendments to Law/Rule

Clarifications Issued by the Department			
Circular	Subject	Particulars	
149/05/2021-GST dated 17-06-2021	Services provided by way of Mid Day meal to Educational Institutions including Anganwadi	It is clarified that services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations and Anganwadi is covered by the definition of Educational Institution[under said entry 66 (b)(ii)].	
150/08/2021GST dated 17.06.2021	GST on the activity of construction of road where certain portion of consideration is received upfront and remaining payment received in deferred payment (annuity)	It is clarified that Entry 23A of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017 does not exempt GST on the annuity (deferred payments) paid for construction of roads.	
151/08/2021GST dated 17.06.2021	Supply of various services by Central and State Board (such as National Board of Examination)	It is clarified that:	
		1.	GST is exempt on services provided by Central or State Boards (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution.
		2.	GST is also exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards.
		3.	GST at the rate of 18% applies to other services provided by such Boards, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test).

Notifications, Circulars and Amendments to Law/Rule

Clarifications Issued by the Department		
Circular	Subject	Particulars
152/08/2021 GST dated 17.06.2021	GST rate on construction services provided to a Government Entity w.r.t. construction of a Ropeway on turnkey basis	It is clarified that services to Government Authority or entirely by way of Construction of Ropeway on turnkey basis is liable to GST @ 18%
153/09/2021-GST dated 17.06.2021	GST on Composite supply of service by way of milling of wheat into flour along with fortification, or paddy into rice for distribution by State Governments under PDS	It is clarified that:
		<ol style="list-style-type: none"> 1. The composite supply of service by way of milling of wheat into flour or of paddy into rice, where value of goods does not exceed 25% of the value of supply will be exempt from GST 2. GST @ 5% will be applicable is such composite supply is provided to a registered person being a job work service
154/10/2021-GST dated 17.06.2021	Standing of guarantee for loans by Central or State Government for their undertaking or PSU	It is clarified that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under Entry No. 34A of Notification no. 12/2017-Central Tax (Rate) dated June 28, 2017
155/11/2021-GST dated 17.06.2021	GST rate on laterals/parts of Sprinklers or Drip Irrigation System @ 12%	It is clarified that laterals/parts to be used solely or principally with sprinklers or drip irrigation system, which is classifiable under heading 8424, would attract a GST of 12%, even if supplied separately

Notifications, Circulars and Amendments to Law/Rule

Clarifications Issued by the Department		
Circular	Subject	Particulars
156/12/2021-GST dated 17.06.2021 w.r.t Notification No. 28/2021 - Central tax	Clarifications regarding inclusion of Dynamic QR Code in B2C Invoices for business having Aggregate Turnover more than Rs. 500 crores.	It is clarified that:
		1. Any supply to person having UIN is to be considered as B2C supply and Dynamic QR Code is to be included in such Invoice.
		2. If Supplier's UPI ID is included in DQRC, then separate bank account details are not required to be included.
		3. UPI ID of a third party can be specified in DQRC if such third party is authorized to collect the payment on behalf of the Supplier.
		4. Wherever an invoice is issued to a recipient located outside India, for supply of services, for which the place of supply is in India, and the payment is received by the supplier in foreign currency, such invoice may be issued without Dynamic QR Code.
		5. If invoice number is not available when payment is collected by displaying the QR code digitally, the unique order ID / unique sales reference number may be provided in the Dynamic QR Code for digital display.
		6. When part payment is already received in the form of advance, or adjustment through discount coupons / vouchers etc., only the remaining amount payable by the customers should be included in the DQRC.
		7. Penalty has been waived off for non-compliance with the provisions of DQRC for the period between 01-12-2020 to 30-09-2021.

Advance Authority Rulings

TDS applicability under Section 51 of CGST Act 2017

M/S. Udupi Nirmithi Kendra – Karnataka AAR

Facts

M/s Udupi Nirmithi Kendra, a trust involved in executing civil works contract has sought advance ruling in respect of the following question:-

Interpretation of the term “a contract” for TDS applicability under section 51 of the GST Act.

In the absence of any contract, or contract of continuous supply, whether TDS provisions under section 51 is applicable for every supply of goods and services? Or whether the single tax invoice shall be considered as “a contract” or aggregate value of purchase from a vendor for the whole year be considered as a contact?

Observations

The applicant states that the TDS provisions are required to be interpreted differently for each of scenarios given below as under:-

1. Value of supply (single Invoice) exceeds the limit, but there is no existence of “a contract”.
2. Value of total (multiple invoices) supply during the year exceeds the limit, but there is no existence of “a contract”.
3. Value of total supply under “a contract” not exceeded the threshold limit.

Authority for Advance Ruling



4. Value of total supply under “a contract” exceeds the limit.

Karnataka AAR ruling

When there is a supply of goods or services from one person to another, it has to be as a follow up action of an agreement to supply, either written or verbal or implied. There is no precondition that the agreement to supply should always be in writing and the same is governed under the Contract Act, 1872. The “agreement to sell” and the contract of “Sale of Goods” as envisaged in the Sale of Goods Act, 1930 also are governed under the Contract Act, 1872. Further, sale of goods is only a subset of “supply” as envisaged in Section 7(1) of the GST Act hence all contracts covered under the Sale of goods Act, 1930 are also contracts under the GST Act.

The agreement between the supplier and the recipient is of prime consideration and if it is for a continuous supply to be made in instalments, then the contract would include all the part supplies made and covered under separate invoices. It is in this context, the supply under a contract should be understood and the total

Advance Authority Rulings

value of supply under a contract, if it exceeds Rs. 2,50,000/- would be liable for deduction of tax at source, subject to other conditions.

The agreement of continuous supply is a contract for scenario no. 3 and 4 and if the amount involved in the supply in this contract exceeds Rs. 2.5 Lakhs, then the applicant is supposed to deduct TDS on the payment credited to the vendor.

In the first scenario, since the value of the single invoice is more than Rs.2.5 Lakh, there is no doubt that the tax deduction at source is applicable under section 51 subject to other conditions. In the second scenario, the applicant has clearly stated that the value of supply under a single invoice does not exceed Rs.2.5 Lakhs and assuming that it is a single transaction as per the purchase order, then tax deduction at source is not applicable on that single transaction or invoice. But if it is a part supply and a part of the continuous supply as per the purchase order, then if the total value of supply as mentioned in the purchase order is more than Rs.2.5 Lakh, then the provisions of tax deduction at source would become applicable even on this invoice.

▶ **RAMA Says-**

The important thing that this AAR makes it clear is that there is no precondition that agreement to supply shall be in writing in form of a Contract. The crux of the Act to determine the taxability is the Supply of Goods and /or service.



Therefore, the tax deduction at source in the given case is applicable to all supplies subject to condition that the value of supply under a contract is more than Rs. 2,50,000/- in case of Continuous supply

Case Laws

Case Law: No reversal of Input tax Credit in respect of loss of inputs during a manufacturing process

ARS Steels & Alloy International Pvt. Ltd. Vs State Tax Officer

Facts of the case: -

M/s ARS Steels & Alloy International Pvt. Ltd. ('the Petitioner') are engaged in the manufacture of MS Billets and Ingots. MS scrap is an input in the manufacture of MS Billets and the latter, in turn, constitutes an input for manufacture of TMT/CTD Bars. There is loss of a small portion of the inputs, inherent to the manufacturing process. The Impugned orders by the Officer seek to reverse a portion of the ITC claimed by the petitioners, proportionate to the loss of the input, referring to the provisions of Section 17(5)(h) of the GST Act.

What was the Issue?

Whether a reversal of Input Tax credit (ITC) is contemplated in relation to loss arising from manufacturing process?

Order passed by High Court: -

Erstwhile Tamil Nadu Value Added Tax Act, 2006 (in short 'TNVAT Act') contained an equivalent provision in Section 19 thereof, which deals with various situations arising from the grant and reversal of ITC.

The prescription in Section 19 is echoed in the provisions of Section 17 of the GST Act. Section 17(1) to (4) set out the entitlement of the assessee to ITC. Sub-section (5) and its sub-clauses provide for situations where ITC claimed shall be restricted.



The impugned assessment orders reject a portion of ITC claimed, invoking the provisions of clause (h) of section 17(5). This relates to goods lost, stolen, destroyed, written off or disposed by way of gift or free samples.

Observed that, the situations as set out in clause (h) of section 17(5) indicate loss of inputs that are quantifiable, and involve external factors or compulsions. A loss that is occasioned by consumption in the process of manufacture is one which is inherent to the process of manufacture itself hence cannot be equated to any of the instances set out in clause(h) of section 17(5).

It was held that the reversal of ITC involving Section 17(5)(h) by the revenue, in case of loss by consumption of input which is inherent to manufacturing loss is misconceived, as such loss is not contemplated or covered by the situations adumbrated under Section 17(5)(h). Accordingly impugned orders to the above extent are set aside.

Case Laws

➤ RAMA Says-

This judgement shall act as an aid to all taxpayers engaged into manufacturing of some product wherein the manufacturing process leads to normal loss (in the nature of consumption of inputs) inherent and unavoidable to the manufacturing process and are served notices/demand orders seeking proportionate reversal of ITC. Normal loss is part of the process of manufacturing, therefore the same normal loss shall be treated as a regular item and not to be considered as loss covered u/s 17(5)(h) of the CGST Act, 2017.



GST Portal Updates

1. Table-12 of GSTR-1:

Table-12 of GSTR-1 pertains to the data related to the HSN-code wise supplies of goods & services declared in the aforesaid GSTR-1. It has been reported that in the GSTR-1 for the tax period of May 2021, the 'Total Invoice value' field in the preview PDF is displaying a value as '0' (zero) instead of N.A, in the cases where the taxpayer has not reported any value in the concerned Table-12 of GSTR-1.

Since 'Total invoice value' field has been removed from portal, it does not affect GSTR 1 return.

2. Upcoming functionalities to be deployed on GST Portal for the Taxpayers:

As part of our constant endeavour to provide a smooth and hassle-free experience to the taxpayers and simplify the process for them, to comply with their GST compliances, following functionalities are recently deployed or are being deployed on the portal shortly.

Sr. No.	Module	Form/ Functionality	Functionality released/ to be released for Taxpayers	Present Status
1.	Ledgers	Negative liability statement made available to composition taxpayers	<ul style="list-style-type: none">In case of a negative liability in any tax period of a composition taxpayer (and if no amount is required to be paid by the taxpayer (during that period)), the said negative liability will be maintained in Negative liability statement. This negative balance lying in the negative liability statement will be automatically adjusted against the liabilities of subsequent tax period(s).The statement would be accessible to them, post-login, by navigating to Services > Ledgers > Negative Liability Statement.	Deployed on the Portal

GST Portal Updates

Sr. No.	Module	Form/ Functionality	Functionality released/ to be released for Taxpayers	Present Status
2.	Returns	Download Form GSTR-4A in excel and auto-population of its details in Form GSTR-4 of the composition taxpayer	<ul style="list-style-type: none"> Form GSTR-4A is an auto-drafted statement generated for Taxpayers opting for Composition levy, containing details reported by their registered suppliers in their Form GSTR-1/ GSTR-5 and by their TDS Deductors in their Form GSTR-7. A facility to download the details of Form GSTR-4A, in an Excel file would be made available to the taxpayers, soon. This Excel file would contain consolidated summary of the supplies at GSTIN level, for the complete financial year, which are required to be reported in Annual Return filed by them in Form GSTR-4. This summary will also be auto-populated in Table 4A and 4B of their Form GSTR-4. 	---
3.	Front Office	Inclusion of common names in the HSN Directory and its download in excel format by the taxpayers	<ul style="list-style-type: none"> The currently available HSN Master has been updated on the GST Portal and it now includes product names commonly used in Trade corresponding to a particular HSN code. A download facility for the entire HSN directory in Excel Format has also been provided to the taxpayers under the link "Download HSN in Excel Format". This facility is available as a part of the 'Search HSN' functionality, available both in Pre and Post Login, on the GST Portal. 	Deployed on the Portal

Cygnets Portal Updates

GSTR-3B Functionality:

This is how the GST 3B Summary looks on Cygnets Portal it is same as the format on GST portal

3.1 Details of outward supplies and inward supplies liable to reverse charge

#	NAME OF SUPPLIES	VALUE	IGST	CGST	SGST	CESS
a	Outward taxable supplies (other than zero rated, nil rated and exempted)	1,340,229,331.41	157,079,992.4	41,759,057.02	41,759,057.02	0
		1,34,02,29,331.41	15,70,79,992.4	4,17,59,057.02	4,17,59,057.02	0
		1,34,02,29,331.41	15,70,79,992.4	4,17,59,057.02	4,17,59,057.02	0
		1,34,02,29,331.41	15,70,79,992.4	4,17,59,057.02	4,17,59,057.02	0
b	Outward taxable supplies (zero rated)	84,050,428.53	0			0
		8,40,50,428.53	0			0
		8,40,50,428.53	0			0
		8,40,50,428.53	0			0
c	Other outward supplies (Nil rated, exempted)	0				
		0				
		0				
d	Inward supplies (liable to reverse charge)	0	0	0	0	0
		3,05,91,546	2,16,639	8,79,784	8,79,784	0
		0	0	0	0	0
		0	0	0	0	0
e	Non-GST outward supplies	0				
		0				
		0				
f	Total	1,42,42,79,759.94	15,70,79,992.4	4,17,59,057.02	4,17,59,057.02	0

3.2 Of the supplies shown in 3.1 (a) above, details of inter-state supplies made to Unregistered persons, Composition taxable persons and UIN holders

Cygnets Portal Updates

GSTR-3B Functionality:

This is how the GST 3B Summary looks on Cygnets Portal it is same as the format on GST portal

#	ITEM DESCRIPTION	IOST	COST	SOST	CESS
A	ITC Available (whether in full or part)				
1	Import of Goods	76,82,796			
2	Import of Services				
3	Inward supplies (liable to reverse charge)	2,16,639	8,79,784	8,79,784	
4	Inward supplies from ISD	1,83,353	3,17,655	3,17,655	
5	All other ITC	9,14,01,793	5,87,95,544	5,87,95,544	
B	ITC Reversed				
1	As per rules 42 & 43 of COST Rules				

Cygnnet Portal Updates

5. Values of Exempt, Nil-rated and Non-GST inward supplies

5.1 Interest and Late Fee Payable

6. Payment of tax

#	DESCRIPTION	TAX PAYABLE		PAID THROUGH ITC				PAID IN CASH (OTHER THAN REVERSE CHARGE)		PAID IN CASH (REVERSE CHARGE)	
		Reverse Charge	Other Than Reverse Charge	IGST	COST	SGST	Cess	Tax/Cess	Interest/Late Fee	Tax/Cess	Interest/Late Fee
1	Integrated tax	0	0	0 (ITC IGST : 0)	0	0		0 (Cash IGST : 0)	1:0, L:0	0	1:0, L:0
2	Central tax	0	0	0 (ITC CGST : 0)	0			0 (Cash SGST : 0)	1:0, L:0	0	1:0, L:0
3	State/UT tax	0	0	0 (ITC SGST : 0)				0 (Cash SGST : 0)	1:0, L:0	0	1:0, L:0
4	Cess	0	0				0 (ITC Cess : 0)	0 (Cash Cess : 0)	1:0, L:0	0	1:0, L:0
5	Total	0	0	0	0	0	0	0	0	0	0

Buttons: Validate, Save, Reset, Set Off Liability, File, Cancel

The summary of GSTR-3B can be downloaded in excel, under “ACTION → DOWNLOAD EXCEL”

GSTR-3B

2021-2022 | May | CG Power And Industrial Solutions Limited - Maharashtra | Cygnnet GSP | Provisional Rtr - No

Year | Month | Location | Autopopulate on | Provisional Rtr

FORM GSTR-2B Shall Be Available Only After Last Cutoff Date I.E 28/06/2021

1 GSTIN 27AAACC3840K1ZP

2(a) Legal Name CG Power And Industrial Solutions Limited - Maharashtra

2(b) Trade Name -

Values displayed in grey color is GST Summary (saved details reflected in GST)
 Values displayed in orange color is System Summary
 Values displayed in blue color is outpopulated from GST Portal
 Values displayed in green color is outpopulated from GSTR-2B
 Values displayed in red color is outpopulated from GSTR-2B transactions excluding already claimed ITC

3.1 Details of outward supplies and inward supplies liable to reverse charge

3.2 Of the supplies shown in 3.1 (a) above, details of inter-state supplies made to Unregistered persons, Composition taxable persons and UIN holders

4. Eligible ITC

#	ITEM DESCRIPTION	IGST	COST	SGST	CESS
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All About RODTEP

(Remission of Duties and Taxes on Exported Products)- RoDTEP

Remission of Duties and Taxes on Exported Products (RoDTEP) is a new scheme launched by the government to replace the existing MEIS scheme for exports of goods from India. RoDTEP Scheme, to benefit the exporters in place of MEIS was announced vide press release dated 31-Dec-2020, with effect from 01-Jan-2021, to all export goods.

The RoDTEP scheme would refund to exporters the embedded duties/taxes that were so far not being rebated/refunded. For example, VAT on fuel used in transportation, Mandi tax, Duty on electricity used during manufacturing etc. These would be covered for reimbursement under the RoDTEP Scheme. The rebate would be claimed as a percentage of the Freight on Board (FOB) value of exports.

An exporter desirous of availing the benefit of the RoDTEP scheme shall be required to declare his intention for each export item in the shipping bill or bill of export. The RoDTEP shall be allowed, subject to specified conditions and exclusions. However, the rates are yet to be announced however such rates to be notified in future would be applicable from 01-Jan-2021.

Eligibility-

The Scheme will enclose all sectors (including textiles), with priority given to labour-intensive sectors which are enjoying benefits under MEIS Scheme at 2%, 3% or 5% of the export value.

- Both merchant exporters (traders) and manufacturer exporters are eligible
- There is no minimum turnover criteria to claim RoDTEP.
- Goods exported through e-commerce platforms via courier are also eligible.
- Country of origin of the exported products should be India, re-exported products are not eligible.

General Provisions and benefits under RoDTEP-

- To avail the scheme exporter shall make a claim for RoDTEP in the shipping bill by making a declaration.
- Once export general manifest (EGM) is filed, claim will be processed by Customs.
- Once processed a scroll with all individual Shipping Bills for admissible amount would be generated and made available in the users account at ICEGATE
- User can create RoDTEP credit ledger account under Credit Ledger tab. This can be done by IECs who have registered on ICEGATE with a DSC.
- The RoDTEP scheme would refund the embedded central, state and local duties/taxes that were so far not being rebated/refunded.

All About RODTEP

(Remission of Duties and Taxes on Exported Products- RODTEP)

The refund would be credited in an exporter's ledger account with Customs and used to pay Basic Customs duty on imported goods. The credits can also be transferred to other importers just like MEIS/SEIS scrips.

Comparison between RoDTEP, MEIS and RoSCTL

Aspects	MEIS	RoSCTL	RoDTEP
Incentive scheme	Incentive on exports of goods in form of transferable scrips	Rebate of certain central and state taxes and levies issued in the form of duty credit scrips	Refund of indirect taxes on inputs used in the manufacture of exported product that are not being currently reimbursed in any other existing schemes
Application form	Form ANF-3A (to be filled online on DGFT portal)	Form ANF 4R (to be filed online on DGFT portal)	Yet to be notified
Incentive	2-5% of realised FOB value of Exports in free foreign exchange or FOB value of exports as per shipping bill, whichever is lower	1-4% based on FOB value of exports in foreign currency	Product-based % way of reward (to be notified)
Mode	Issued in the form of transferable scrips (physical copy)	Issued in the form of transferable scrips in paperless mode	To be issued in the form of transferable duty credit/ electronic scrip, which will be maintained in electronic ledger



All About RODTEP

Documents Required to Apply for the Scheme-

- Shipping Bills
- Electronic Bank Realization Certificate (eBRC)
- Digital Signature Certificate (DSC) - Class 3
- Registration Cum Membership Certificate (RCMC)

Declaration of intention of claiming RoDTEP on the shipping bills-

Any exporter who wants to claim the benefits provided under the RoDTEP scheme must declare 'RoDTEPY' on that particular shipping bill, and 'RoDTEPN' in case they don't want to avail the benefits. If a shipping bill does not specify either of these details, then, automatically, the exporter will not get any reimbursement

RAMA, a boutique consulting firm having expertise in Risk & Business Advisory, Process & Systems (ERP) Consulting & Indirect Taxes across industries for corporates in India, UAE, USA, Africa & Europe.

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